

## **WORKSHOP NOTES**

City of San Diego Park and Recreation Board  
**Balboa Park Committee**  
**May 15, 2008**

### **ATTENDANCE:**

#### **MEMBERS PRESENT**

Jennifer Ayala  
Laurie Burgett  
Jeri Dilno  
Vicki Granowitz  
Mick Hager  
Andrew Kahng  
David Kinney  
Mike Mc Dowell  
Mike Singleton  
Donald Steele

#### **MEMBERS ABSENT**

None

#### **STAFF PRESNET**

Bruce Martinez

### **Call to Order-**

Chairperson Granowitz called the meeting to order at 5:35 pm. She announced that this meeting is a Special Workshop to focus on the Balboa Park Study. She asked committee members to introduce themselves and stated the Balboa Park Committee is the planning committee for the park, they review and make recommendations on land use issues for Balboa Park and are made up of volunteers who are appointed by the Mayor and confirmed by City Council.

### **Request for Continuances** - None

### **Non Agenda Public Comment** - None

### **Workshop**

Chairperson Granowitz introduced the three speakers and explained that the speakers would speak first and that committee members & the public would have a chance to ask questions afterwards.

### **1. Richard Little with the Keston Group gave an overview of Park and Recreation Districts, JPA's, and Non-Profits.**

#### *Park and Recreation District:*

- Less direct control by City
- It remains a public body
- Park District formation is subject to a vote by the electric.
- Funding is determined by a geographic area (there are no limitations on area as long as there is a nexus)
- A Board of Governance must be formed for the District
- Property tax is used for the operating budget
- It takes super majority (2/3) to vote for approval of special assessments
- General Obligation Bonds can be issued, but supermajority is also required to make public improvements with this type of Governance

- A Park and Recreation District separates the governance and finance of the park from the city

The Keston Group experts feel that even though the city has had difficulties, with a degree of separation from the city, it wouldn't be problematic to get GEO Bonds or Revenue Bonds. In order to complete the capital improvements in the park, there must be debt involved. Those improvements cannot be done on a "pay as you go" basis.

*Joint Powers Authority:*

- A JPA becomes a non-recourse entity (A lot of project finance that's done on major projects is done through a "special purpose vehicle", in essence; it is a non-recourse entity that is responsible for a single project. If a JPA entered into debt to provide Capital Improvements for the Park, it would not roll back to the signatories. The JPA is like a firewall.)
- Regarding Capital Improvements, a JPA can qualify for a Revenue Bond (the committee must determine how stable the current revenue is over the term of the revenue bond.)
- A JPA is an administrative action and it does not need to be voted on
- If the purpose of a new governance for the park is to make capital improvements, a JPA or a Park and Recreation District is probably what Richard thinks this committee should look into.

*Non-Profits (501c3/conservancy/foundation):*

- This type of governance probably has the least amount of governmental control of the 3 options.
- In California there is something called "Infrastructure and Economic Development Bank" which is a conduit financing authority where the state would act as a bank for the entity and has the power to issue tax-free debt. It is easy to set these up. They make fairly substantial loans (\$95M). They are revenue bonds. These loans can be customized according to the party's needs.
- Although a non-profit has complete control over the area being governed, it can still work with the city (i.e. Central Park Conservancy continues to contract with the City)

His recommendation is that the committee determines what the objective will be, and then decide what would work best.

## **2. Sue Carter is the Deputy Director of the San Dieguito River Park Joint Powers Authority. Sue explained a little more in detail how a JPA works.**

*Joint Powers Authority:*

- A JPA is a separate agency that offers much flexibility and that has the authority to act on its own
- Questions must be answered first: What do we want to achieve? What agencies will be involved?
- Agencies decide to share their powers and create a new agency
- Member Agencies contribute money
- An agreement can be molded to the needs of that specific JPA\*
- A mission must be clearly laid out in the agreement
- Then they must decide who will be on the Board?
- Staff and a location to work out of will be required (consider all expenses that go with forming a separate entity)
- There is also a Joint Powers Agreement: this happens when various agencies just agree on something. It does not become a separate agency/legal entity.

*\*Certain items must be part of any agreement. First of all, a mission must be clearly laid out. Other items may or may not need to be added. Such as, who will be appointed to your Board? Who will take care of your money? Who will be your auditor? Will you have an Executive Director?*

In the case of the San Dieguito River Park, in section 14c of their agreement, the Agencies forming the JPA will contribute money according to their size. The San Dieguito River Park Joint Powers Authority is trying to establish an endowment that generates income in perpetuity. Sue did warn that unlike a conservancy, which is a volunteer group, a JPA is a government agency and the public is not very interested in donating money to government agencies.

**Questions and Answers:**

Chairperson Granowitz opened the floor for questions until the third speaker, Bill Anderson arrival.

#1 **Question** - *JPA's are formed mostly in areas where land jurisdictions overlap, is this why the San Dieguito River Park went with a JPA?*

**Answer** - *Sue responded that it was not really the true for them.*

#2 **Question** - *When other agencies have funding shortages and are unable to pay their portion, do the other agencies cover the difference?*

**Answer** - *Sue answered that the other agencies do not cover the difference and adjustments are made to their JPA's expenses. And it is not a unique case.*

#3 **Question** - *Is there a requirement that a member agency must be represented in the Board of Governors of the JPA?*

**Answer** - *Sue responded that it is not a requirement but that probably if an agency is a member, they would probably want to be represented?*

#4 **Question** - *Did the San Dieguito River Park encounter any challenges during the start up?*

**Answer** - *Sue said that addressing the things that needed to be addressed was a challenge; for example, they had to set up a retirement fund for the employees. However, the elected officials have always been very supportive. Another challenge in the mid 90's was that they weren't liked by a Private Property Rights group. The JPA didn't own land, the land already existed, so they questioned what the San Dieguito River Park JPA represented?*

#5 **Question** - *So what about day to day operations for the San Dieguito River Park JPA, were there any challenges with that?*

**Answer** - *Sue responded that their Board started with a big vision. The JPA started with only two employees and now they have eleven. She says they have insufficient funds and, therefore, they are understaffed to be able to manage a 55 mile long, 35 miles of trails, 3000 acres of land that they own. Sue said that there may be some parallels between Balboa Park and the San Dieguito River Park.*

#6 **Question** - *How did the San Dieguito River Park JPA acquire the 30 acres it manages?*

**Answer** - *Sue responded that within the San Dieguito River Valley there were State Bond Acts. Most of the acquisition has been through state bonds. Property cannot be used as collateral it has a lot of restrictions.*

#7 **Question** - *Regarding the San Dieguito River Park, was the conservancy formed before or after the JPA?*

**Answer** - *Sue responded that the JPA was formed after the conservancy. The relationship between the JPA and the Conservancy has been very cooperative because they share the same goal.*

#8 **Question** - *Regarding a Park and Recreation District, since Balboa Park serves a large region,*

*especially when considering that 45% of the park's visitors are from outside San Diego, what kind of success has there been when trying to achieve super majority in a larger geographical area?*

**Answer** - Richard responded that it would have to be crafted very cleverly. If you were looking at fiscal issues with the City of San Diego, you can draw your own conclusions. Especially when considering the response of San Diegans when an assessment was made after the 2003 fires that more fire crews were needed and that didn't pass. He thinks there may be a better way to determine what kind of response could be expected by possibly taking a poll. However, he does think that taking poll may be problematic as well. The super majority is not 2/3 of who shows up to vote, but 2/3 of who are affected.

**#9 Question** - *The citizens of San Diego have always been very involved with Balboa Park, it seems that opting for a JPA would leave the general public completely out.*

**Answer** - Richard responded that there is no reason why the public cannot be involved. Sue added that they had a great deal of public involvement, but that in the end it is the Board of the JPA who makes the decision.

**#10 Question** - *What are the perceptions from the public about a JPA?*

**Answer** - Sue said that no one seems to know the difference between the San Dieguito River Conservancy of the JPA. As long as you're doing good things, the public will be fine with it.

**#11 Question** - *What are the differences between a conservancy and a JPA?*

**Answer** - A JPA has to follow many rules. For example, in buying land, you must go through a lot of red tape; conservancies have the ability to move a little more swiftly in some areas.

Bill Anderson arrived and Chairperson Granowitz invited him to join the other two speakers.

**3. Bill Anderson is Deputy Chief of City Planning and Community Investing. Bill spoke about the City's experience with JPA's. He would use the North Embarcadero Visionary Plan JPA as an example.**

*Joint Powers Authority (North Embarcadero Visionary Plan):*

- The purpose is to improve the waterfront at the embarcadero.
- This JPA includes the City of San Diego, Center City Development Corporation, and the Port District.
- It serves as a policy making vehicle for the planning decisions and it also coordinates the funding from the multiple jurisdictions.
- Most of the funding is coming from the member jurisdictions.
- It has the power of appropriating expenditure responsibilities to the member jurisdictions.
- Sometimes there are separate interests because of the different agencies involved

*General information about JPA's:*

- The reason JPA's are formed is for two things; 1. Geographic areas that cross jurisdictional boundaries that need attention and/or 2. When there is a special purpose that benefits a region.
- Questions to consider: What is the funding mechanism in regards to the operations of a JPA? Does the JPA have funding authority for bonding or a vehicle for issuing debt?

*Multi-Governmental Agency:*

- Not technically a JPA but it is a type of authority sanctioned by the state, such as the Port District.
- This is a special purpose agency that is designed to focus on a special issue, they focus only that

charge.

- The Port gets most of its revenue from land leases. There may be conflict between public interest and the focus on the charge the special purpose agency may have.

**#12 Question** – *Does the San Dieguito River Park Conservancy have permanent staff?*

**Answer** - *Sue responded that they do now, but at first they only had volunteers.*

**#13 Question** – *Do you foresee problems for Balboa Park in having a JPA?*

**Answer** – *Bill responded that many JPA examples you have a geographic area that crosses jurisdictional boundaries, Balboa Park is under one jurisdiction only. Balboa Park has a special purpose that benefits more than one jurisdiction. Also, sometimes the decision making by the jurisdictions forming the JPA is not proportionate to their financial contribution. Balboa Park is surrounded by neighborhoods, would the other member jurisdictions that don't represent these neighborhoods, be as considerate of the neighborhoods needs as the host jurisdiction would be?*

**#14 Question** - *Are there ways to mediate between competing interests?*

**Answer** – *It really depends on the Board structure and community politics. The more agencies involved the harder it is.*

## **PUBLIC COMMENT:**

Public Speaker 1: Pat Flannery, Point Loma

*This is just a way to generate revenue from land leases. If it's not about hotels and jobs, then what is this about? It's either about a give away of land or government failure. This park is reserved for creating more of the transient occupancy that this city gets, it should get some of it back. It sounds like you've already made your decision about going with a JPA. The city is having a conversation with itself. Be warned that there will be a push back*

Public Speaker 2: John Lomack, Mission Hills

Questions to Richard Little

*1. Are all JPAs by statute non-recourse? Richard responded: They are not, actually if participating agencies choose to take the debt on themselves, they can. It's just that it is an option.*

*2. If you issue a revenue bond it's a risk going in, but could we possibly get a better interest rate? Richard responded: "potentially".*

*3. What is the 2/3 supermajority for, is it to form the Park and Recreation district itself? Richard responded: The Park and Recreation District supermajority voting is only for the funding part of it.*

Question to Sue Carter

*Do JPA's have the authority for eminent domain? Sue responded: The San Dieguito River Park does have the right to eminent domain.*

Public Speaker 3: Mike Richards, Lemon Grove

*Balboa Park is the crowned Jewel in San Diego and he's visited for many years and has seen the park fall apart with its current governance. The autonomy of the group; it must be totally removed from political pressure or the jurisdiction from politicians who are involved currently. Please as you go forward please look at total autonomy in whatever you choose.*

*Chairperson Granowitz explained that this has been going on for five months and that the focus of this meeting was on JPA's and conservancies because they are the ones the committee knows the least of.*

*This is just a compilation of information to determine whether the city has the financial responsibility to take care of all the things needed in Balboa Park. Should the city be the only one financially responsible? Would another type of governance work?*

**#15 Question** – *On JPA's or Conservancies, could it be only a section of the park?*

**Answer** - *Bill responded that technically you could, but you could create some coordinating challenges when you start drawing jurisdictional boundaries.*

**#16 Question** -*According to the current capacity of the city, a pay as you go system is not going to work for capital improvements. What revenue options does a JPA provide?*

**Answer** - *There is a big unfounded backlog of capital improvements. You either pay as you go or you borrow. Richard went into talking about General G.O. bonding. With a revenue bond you need a revenue stream. You don't have to borrow all the money at once. Once you decide that there is a revenue stream, your options expand. You need some mechanisms to go to into the debt market. Bill added by giving examples of some different ways of generating revenue. Some may work for Balboa Park and others may not.*

**#17 Question** – *Define one more time a Joint Powers Agreement?*

**Answer** – *The agreement is what the agencies say they are going to do, it doesn't necessarily imply that a separate body will be formed.*

**#18 Question** – *Isn't TransNet a good model that exists out there that may be duplicated?*

**Answer** – *It is. TransNet had something pretty specific; people could see that there was something in it close by that everyone benefited from. It may have to be something broader than just Balboa Park. That could be part of the strategy. A G.O. Bond can only be used for Capital Improvements, there is also a Community Facilities District which can be used for Capital and service costs but it requires 60% or 2/3 vote. Benefit Assessment Districts is a simple majority but you need a strict benefit calculation. Bill is curious as to how L.A. County did their assessment 10 years ago. Bill will provide info on how L.A. County did it.*

**#19 Question** – *Is it only schools that have the modified threshold of 55%?*

**Answer** – *Bill is not certain, but believes it is.*

### **Information Items-**

Chairperson Granowitz had some items to announce – There was another budget meeting on issues related to the cutbacks to Parks and Recreation and the Library. She thinks that the City Council heard their concerns about losing staff for Balboa Park and Mission Bay Park.

### **Chairperson's report-**

Chairperson Granowitz also gave a recap of who will/may be attending the next two meetings (6/5/08 & 6/18/08).

### **Adjournment -**

Meeting adjourned at 7:37 p.m.

*-Notes submitted by Vanessa Nieves*